

Sarika Connoisseur Cafe Pte Ltd v Ferrero SpA
[2012] SGCA 56

Case Number : Civil Appeal No 102 of 2011
Decision Date : 16 October 2012
Tribunal/Court : Court of Appeal
Coram : Chao Hick Tin JA; Andrew Phang Boon Leong JA; VK Rajah JA
Counsel Name(s) : Tan Tee Jim S.C., Zechariah Chan Jin Han and Jeremiah Chew (Lee & Lee) for the appellant; M. Ravindran, Sukumar Karuppiah and Justin Blaze George (Ravindran Associates) for the respondent.
Parties : Sarika Connoisseur Cafe Pte Ltd — Ferrero SpA

Trade Marks and Trade Names

Tort – Passing Off

[LawNet Editorial Note: This was an appeal from the decision of the High Court in [\[2011\] SGHC 176.](#)]

16 October 2012

Judgment reserved.

Chao Hick Tin JA (delivering the judgment of the court):

Introduction

1 This is an appeal against the decision of a High Court judge (“the Judge”) given in Suit No. 9 of 2010 which was instituted by Ferrero S.P.A (“the Respondent”) against Sarika Connoisseur Cafe Pte Ltd (“the Appellant”) for trade mark infringement and passing off.

2 The Appellant, a company incorporated in Singapore, is a retailer in the food and beverage business and a wholesaler of coffee, cocoa and tea. It owns and operates a chain of cafe outlets (“cafes”) presently known as “tcc – the connoisseur concerto” (“TCC”). In its cafes, it offers customers, amongst others, a variety of gourmet coffee beverages and coffee concoctions.

3 The Respondent is a company incorporated in Italy. It manufactures and retails confectionery, including a cocoa-based hazelnut spread (“Nutella spread”) marketed under the brand name “Nutella”, which is the product concerned in the present case. The spread is sold at various retail outlets in Singapore, including supermarkets. The Respondent is the registered proprietor of the following marks (shown below) in Class 30 of the International Classification of Goods and Services in Singapore (“ICGS”). To avoid confusion, we will, as did the Judge, refer to the first mark as the “Nutella” word mark, while all three marks will be referred to collectively as the “Nutella” trademarks:

No	Trade Mark No	Trade mark	Specifications
1	T73/59592H: (registered on 16 August 1973)		Confectionery, baking powder, chocolate products, cream comprising cocoa with or without other ingredients.
2	T82/01892B (registered on 16 April 1982)		Chocolate cream spread.
3	T04/09636H (registered on 15 June 2004)		Pastry and confectionery, chocolate candies, chocolate biscuits, chocolate bars, chocolate spreads and ice creams.

Background to the dispute

4 The facts of this case are neither complex nor in serious dispute. On 1 August 2007, the Appellant introduced a new gourmet hot coffee beverage served in a shot glass under the "Nutello" sign in its cafes. As the Judge rightly noted, the term "Nutello" is more appropriately described as a "sign" [\[note: 1\]](#) under the definition in section 2(1) of the Trade Marks Act (Cap 332, 2005 Rev Ed) ("TMA"), as distinguished from a "trade mark" [\[note: 2\]](#) defined in section 2(1) of the TMA. The ingredients in the "Nutello" drink ("Nutello beverage") comprised espresso, milk foam, cocoa powder and Nutella spread, amongst others. This drink was listed under the "Espresso Specialties" section of the TCC Drinks Gallery Menu (the "menu"). The menu describes the Nutello beverage as: "Espresso with lashings of nutella – perfect for cocoa lovers!" ("menu description").

5 To effect sale of the Nutello beverage, the appellant had used the term "Nutello" in various forms in its promotional material such as the menu, booklet and website. They are set out below:

No	Menu	Representation
1	2009 Drinks Gallery menu	
2	Booklet	
3	Website	 Nutello

6 On 3 December 2009, the Respondent issued a cease-and-desist letter to the Appellant, objecting to the latter's use of the "Nutello" sign and the menu description of the Nutello beverage. Damages amounting to S\$50,000 were demanded.

7 On 15 December 2009, the Appellant requested an extension of one month till 17 January 2010 to respond to the Respondent's letter, but in a letter dated 16 December 2009, the Respondent refused to accede to this request. On 6 January 2010, the latter instituted Suit No 9 of 2010 ("the action") in the High Court.

8 In July 2010, sales of the Nutello beverage were discontinued by the Appellants, ostensibly due to an annual menu overhaul.

The decision below

9 In the court below, the Judge held that:

(a) the Appellant had infringed the Respondent's "Nutella" word mark under s 27(2)(b) TMA given that there was a similarity of marks and goods resulting in a likelihood of confusion by the relevant public;

(b) the Respondent's "Nutella" marks are well known trademarks both to the relevant sector of the public as well as to the public at large in Singapore. The Appellant had infringed the Respondent's "Nutella" marks under s 55(2) and s 55(3)(a) TMA, and had diluted the Respondent's marks under s 55(3)(b)(i) TMA. However, he found that the Appellant had not taken unfair advantage of the distinctive character of the Respondent's "Nutella" marks under s 55(3)(b)(ii) TMA; and

(c) the Appellant had committed the tort of passing *vis-à-vis* the Respondent's "Nutella" product when the former promoted and offered for sale its "Nutello" drink.

10 Consequently, the Judge granted injunctions to restrain the Appellant from infringing the Respondent's "Nutella" trademarks and from passing off its "Nutello" products as products of, or connected to, the Respondent. He also ordered that damages be assessed.

Issues in the appeal

11 The appellant raised the following issues in this appeal (with accompanying sub-issues):

- (a) Whether there is trademark infringement under s 27(2)(b) TMA? (“The First Issue”)
 - (i) Whether the “Nutello” sign is similar to the “Nutella” word mark;
 - (ii) Whether the “Nutello” sign was used in goods similar to those which the “Nutella” word mark is registered for;
 - (iii) Whether there is a likelihood of confusion by the public?
- (b) Whether there is trademark infringement under s 55(2) TMA? (“The Second Issue”)
- (c) Whether there is infringement by damaging connection of well known trademark under s 55(3)(a) TMA? (“The Third Issue”)
- (d) Whether there is dilution by blurring under s 55(3)(b)(i) TMA? (“The Fourth Issue”)
 - (i) Whether it is conceptually incongruous to find both infringement and dilution;
 - (ii) What is required to show dilution in an “unfair manner”;
 - (iii) Whether dilution by blurring is made out on the facts?
- (e) Whether the damage element needed to establish the tort of passing off is made out? (“The Fifth Issue”)
 - (i) Whether actual damage has to be shown to establish the said damage element;
 - (ii) Whether the Respondent’s expansion into the Singapore drinks industry would be restricted?

12 We note that the Appellant is not appealing against the finding of the Judge that the “Nutella” trademarks are well known marks, and neither has the Respondent taken issue with the Judge’s finding that there is no unfair advantage taken by the Appellant of the “Nutella” trademarks’ distinctive character under s 55(3)(b)(ii) TMA.

13 For ease of reference, we set out here the legislative provisions in the TMA, *viz*, s 27(2)(b), s 55(2), s 55(3)(a) and s 55(3)(b)(i), that will be referred to in the discussions below:

Acts amounting to infringement of registered trade mark

27. — (1) ...

(2) A person infringes a registered trade mark if, without the consent of the proprietor of the trade mark, he uses in the course of trade a sign where because —

(a) ...

(b) the sign is similar to the trade mark and is used in relation to goods or services identical

with or similar to those for which the trade mark is registered,
there exists a likelihood of confusion on the part of the public.

...

Protection of well known trade marks

55. — (1) ...

(2) Subject to subsections (6) and (7), the proprietor of a well known trade mark shall be entitled to restrain by injunction the use in Singapore, in the course of trade and without the proprietor's consent, of any trade mark which, or an essential part of which, is identical with or similar to the proprietor's trade mark, in relation to identical or similar goods or services, where the use is likely to cause confusion.

(3) Subject to subsections (6) and (7), the proprietor of a well known trade mark shall be entitled to restrain by injunction the use in Singapore, in the course of trade and without the proprietor's consent, of any trade mark which, or an essential part of which, is identical with or similar to the proprietor's trade mark, in relation to any goods or services, where the use of the trade mark —

(a) would indicate a connection between those goods or services and the proprietor, and is likely to damage the interests of the proprietor; or

(b) if the proprietors trade mark is well known to the public at large in Singapore —

(i) would cause dilution in an unfair manner of the distinctive character of the proprietor's trade mark; ...

(ii) ...

The decision of this court

The First Issue: Whether there is trade mark infringement under section 27(2)(b) TMA?

14 The step-by-step approach propounded in *British Sugar plc v James Robertson & Sons Ltd* [1996] RPC 281 ("*British Sugar*") in relation to the English equivalent of s 27(2)(b) TMA was approved and adopted by this Court in *The Polo/Lauren Co, LP Shop In Department Store Pte Ltd* [2006] SGCA 14 ("*Polo (CA)*") at [8]. This court in *Polo (CA)* was of the view that this approach was conceptually more appropriate and in line with the structure of the provision, as opposed to the global assessment test enunciated by the European Court of Justice in *Sabel BV v Puma AG, Rudolf Dassler Sport* [1998] RPC 1999 and *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] RPC 117. Under s 27(2)(b) TMA, three conditions need to be satisfied in turn for infringement to be established. First, the alleged offending sign, "Nutello", must be shown to be similar to the registered mark, "Nutella". Second, both the sign and the mark must be used in relation to identical or similar goods or services. Third, because of the presence of the first two conditions, there must exist a likelihood of confusion on the part of the public.

(i) *Similarity between the "Nutello" sign and the "Nutella" mark*

15 The Judge had found that the “Nutello” sign and the “Nutella” word mark were not identical, and this finding is not challenged by the Respondent. In this appeal, the Appellant has only raised arguments on dissimilarity between the sign and the word mark and sought to dispute the individual findings of the Judge relating to visual, aural and conceptual similarity of the two.

General approach to the similarity analysis

16 Before we determine whether the sign and the trademark are similar, we will first set out briefly the relevant principles of this analysis. The decided cases have established that the court will consider three aspects of similarity, viz, visual, aural and conceptual similarity: *Polo (CA)* at [24]; *Mobil Petroleum Co, Inc v Hyundai Mobis (“Hyundai Mobis (CA)”)* at [17]. However, it is not a pre-requisite that all three aspects of similarity must be made out before there can be a finding of similarity between the sign and the mark: *Mediacorp News Pte Ltd v Astro All Asia Networks plc* [2009] 4 SLR(R) 496 at [32] (“*Mediacorp*”). The relative importance of each aspect of similarity varies with the circumstances, in particular, with the goods and types of marks: *Mediacorp* at [32], citing *Bently and Sherman, Intellectual Property Law* (Oxford University Press, 3rd Ed, 2009) (“*Bently & Sherman*”) at p 864. Simply put, a trade-off between the three aspects of similarity can be made, and each case ought to be viewed in its own context: *Ozone Community Corp v Advance Magazine Publishers Inc* [2010] 2 SLR 459 (“*Ozone Community*”) at [40]. Whether there is similarity between the sign and the mark is a question of fact and degree for the court to determine: *City Chain Stores (S) Pte Ltd v Louis Vuitton Malletier* [2010] 1 SLR 382 (“*City Chain*”) at [47]; *Johnson & Johnson v Uni-Charm Kabushiki Kaisha (Uni-Charm Corporation)* [2007] 1 SLR 1082 at [9] (“*Johnson & Johnson*”).

17 The comparison to be made is one of “mark for mark”. Each mark must be considered as a whole without any external matter being taken into account: *City Chain* at [50]; *Caterpillar Inc v Ong Eng Peng (formerly trading as Catplus International)* [2006] 2 SLR(R) 669 (“*Caterpillar*”) at [55].

18 The relevant perception is that of an “average consumer” who is “reasonably well-informed and reasonably observant and circumspect”: *Chai Chyau Ling (doing business as Racetech Auto) v Racing Technology Pte Ltd* [2009] SGHC 105 (“*Racetech Auto*”) at [30], citing *Love & Co Pte Ltd v Carat Club Pte Ltd* [2008] SGHC 158 and the European Court of Justice’s decision of *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel BV* [2000] FSR 77. That said, to determine similarity, the sign and the mark ought not to be examined side by side in close proximity as the “imperfect recollection” of the consumer must be taken into account, given that comparisons are usually made from memory, removed in time and space from the actual sign and mark in question: *Caterpillar* at [55], citing M Ravindran, *Butterworths’ Singapore Statutes, Intellectual Property, Trade Marks Act – A Commentary* (LexisNexis, 2002 Ed) at p 42; *Johnson & Johnson* at [11].

19 It appears that the distinctiveness of a trademark is an important factor to bear in mind: *Polo (CA)* at [17] and [23]; Ng-Loy Wee Loon, *Intellectual Property Law in Singapore* (2009, Rev ed, Sweet & Maxwell) (“*Ng-Loy*”) at para 21.5.12. The question of whether a sign and a mark are similar will often be dependant on the inherent or acquired distinctiveness of the trademark: *Bently & Sherman* at p 866.

20 On a related note, we take this opportunity to clarify the general approach to be adopted in the similarity analysis. The two-step approach articulated by the Judge (see GD at [47]), following that set out in *Ozone Community* (at [40]-[44]), may inadvertently give rise to the misconception that the distinctiveness of the registered trademark is either another aspect of, or an element in, the determination of similarity, *separate* from the three aspects of similarity, viz, visual, aural and

conceptual. Rather, we would explain that the “distinctiveness” of the registered trademark is a factor to be considered in the visual, aural and conceptual analysis to determine whether the allegedly infringing sign and the trademark are similar. It stands to reason that the more distinctive the registered trademark, the more it is necessary to show sufficient alterations to, or difference in, the sign in order that it may not be held to be similar to the trademark (see below at [35]).

Whether there is visual, aural and conceptual similarity of the “Nutello” sign and the “Nutella” mark

(a) Visual similarity

21 First, the Appellant submits that the “Nutello” sign is dissimilar due to the different font, typeface, design and also the differences in the letters “a” and “o” used. It also argues that the visual differences are more pronounced if a comparison is made between how the sign and the word mark are actually used in practice, in contrast to the registered form of the word mark.

22 On the other hand, the Respondent avers that the Judge was correct in his approach that in determining visual similarity of word marks, the court ought to look at the length of the marks, structure of the marks (*viz*, whether there are the same number of words), and whether the same letters are used: *Ozone Community* at [49], citing *Bently & Sherman* at p 865.

23 In the present case, the length of the “Nutello” sign and the “Nutella” word mark (comprising seven letters each) and the structure of the sign and the mark (comprising one word each) are the same. The letters used in both words are also the same save for the last letter, the former ending with “o” while the latter ending with “a”. We agree with the Judge that the case in point is that of *Hyundai Mobis v Mobil Petroleum Company Inc* [2007] SGIPOS 12 (“*Hyundai Mobis (IPOS)*”) which involved marks of similar characteristics. The marks considered there were “Mobis” and “Mobil”. Both marks had the same length, structure and had identical letters save for the last letter. The Presiding Assistant Registrar (“PAR”) there held (which the judge in that case did not disagree with) that when viewed as a whole, while the ending parts of the marks were dissimilar, a large part of the marks was in fact similar. He therefore found visual similarity. Similarly, this analysis can also apply to the present case given that the letters used are substantially identical and the identical length and structure of the “Nutello” sign and the “Nutella” mark. Further, the effect of imperfect recollection of consumers cannot be discounted, particularly since the difference between the words here is merely a *single* ending letter. As stated in *Ozone Community* (at [50]) citing *Bently & Sherman* at p 865, “where at first glance the sign and the mark may appear dissimilar, when the possibility of imperfect recollection is taken into account, they may in fact appear similar.” Therefore it would not be difficult to conclude that the “Nutello” sign and “Nutella” mark would likely appear visually similar to an average consumer, given a difference of only the final letter.

24 Additionally, we think as the Judge did, that the argument that the cursive font, typeface and design used in the sign render it visually different from the mark is misconceived. The Judge followed the reasoning in *Richemont International SA v Da Vinci Collections Pte Ltd* [2006] 4 SLR(R) 369 (“*Richemont*”) (at [20]-[24]), which relied on *Morny Ld’s Trade Marks, in the Matter of* (1951) 68 RPC 131 (“*Morny*”), to hold that for registered word marks, use of the word in any font or stylisation would be infringing. In *Morny*, the “Morny” mark was registered in plain block capital letters. Jenkins LJ in *Morny* (at 149-150) observed that the registration of a word in block capitals ought to cover use of that word in any clearly legible form of lettering and must not be confined to its representation in block capital letters. The reason was that if it were otherwise, protection of a word registered in block capitals would be illusory “for anyone could use the same word in some other form or type or lettering in imitation handwriting or some other form of that kind”, and it would also be “obviously ... impossible for anyone seeking to register a particular word ... to cover in his application ... every

conceivable form of lettering in which it might be represented.” The “Nutella” word mark here is registered in bold block capital letters and not in any fancy or stylised form (see [3] above). Following the reasoning in *Morny*, regardless of the font, typeface or design of the “Nutello” sign used by the Appellant (here, it is presented in stylised form and in sentence case), the mark and the sign are still similar.

25 We would further add that the word “Nutella”, being an invented word, is in itself distinctive. Where the distinctiveness resides in the word itself, differences in presentation of the word mark, e.g., in font type and colour, are immaterial: *Racetech Auto* at [39]; *Richemont* citing Kerly, *Law of Trade Marks and Trade Names* (Sweet & Maxwell, 14th Ed, 2005) at para 2-036. Therefore, given the inherent distinctiveness of the word “Nutella”, the Appellant’s argument that the “Nutello” sign is dissimilar to the Respondent’s word mark because of differences in stylisation and font type cannot stand.

26 In light of the preceding analysis, we hold that the “Nutello” sign and the “Nutella” mark are visually similar.

(B) Aural similarity

27 Secondly, the Appellant submits that the “Nutello” sign and the “Nutella” mark are aurally dissimilar. It argues that in contrast to the clear pronunciation of “Nutello”, the pronunciation of “Nutella” is inconsistent given that the pronunciations would in fact be *Noot-ella* and *Nut-ella*. Also it argues that the average customer would focus on the differences between the sign and the mark, viz, the ending syllables *-ella* and *-ello*, and that aural dissimilarity would be enhanced with the accent on the different vowel sounds at the end of the respective words. Against this, the Respondent submits that the sign and the mark are aurally similar because the average Singaporean would pronounce “Nutella” as *Nut-ella* and not *Noot-ella*, and that this pronunciation is similar to how “Nutello” is pronounced. It also emphasises the importance of the first syllable in pronouncing the words, and that the vowel sound in the last syllable (i.e., “o” and “a”) in the respective words is insufficient to conclude aural dissimilarity.

28 A quantitative assessment of the relative number of syllables which the two marks have in common is usually conducted in ascertaining aural similarity in word marks: *Ozone Community* at [55], citing *Bently & Sherman* at p 865. Here, there are three syllables in both the words, “Nutello” and “Nutella”, with the majority (viz, the first two out of three) in common.

29 The Judge held that it was likely that it would be the first syllable of the words “Nutella” and “Nutello” that was emphasised. The Appellant’s argument that customers will focus on the ending syllables of both words (viz, *-ella* and *-ello*) can hardly be correct. The Appellant relied on the decision in *Hyundai Mobis (IPOS)* to dispute the significance of the first syllable of word marks. However, in that case, despite the PAR finding that the second syllable would be emphasised in pronouncing “Mobil” and “Mobis”, he still found the second syllable in both marks to be aurally *similar* (see *Hyundai Mobis (IPOS)* at [40]). Therefore, even if the emphasis is placed on different ending syllable(s) of a multi-syllabic word, it does not mean that this would necessarily point to aural dissimilarity. For the present matter, we agree with the Judge that the first syllable would likely be emphasised in pronouncing the words “Nutella” and “Nutello”. It would do violence to the natural pronunciation of both words to say, as the Appellant does, that the ending vowels would be accented. We therefore find no reason to disagree with the Judge’s observation that there is greater aural similarity between the two words which end with vowels instead of consonants (see GD at [63]).

30 It is also not incorrect for the Judge to have considered how an average Singaporean consumer would pronounce the respective words. No new arguments are raised by the Appellant as to why pronunciation of the words in question by Singaporeans ought to be anything other than “nut-ella” and “nut-ello” as found by the Judge (see GD at [62]). In *Hyundai Mobis (IPOS)*, the PAR noted that there was a risk of the ending consonant of the marks there being slurred in speech in Singapore. Although the respective words “Nutello” and “Nutella” here end with vowels, it is difficult to see how the conclusion can be any different, as far as slurring is concerned.

31 The Judge (at [64] of his GD) also rightly made allowances for imperfect recollection and careless pronunciation and speech: *Future Enterprises Pte Ltd v McDonald’s Corp* [2006] 4 SLR(R) 629 at [12], citing *Aristoc, Ld v Rysta, Ld* (1945) 62 RPC 65 at 72-73 (“*Aristoc*”). It was stated in *Aristoc, Ld v Rysta, Ld* (1943) 60 RPC 87, and affirmed by the House of Lords in *Aristoc* at 72, that first impressions mattered in determining aural similarity between words. Indeed, it is plausible for a consumer, who has an imperfect recollection, to regard the word “Nutello” to be similar to “Nutella” in their ears.

32 Ultimately, it is the pronunciation of the relevant words as a whole that must be critical in ascertaining aural similarity: *Festina Lotus SA v Romanson Co Ltd* [2010] 4 SLR 552 (“*Festina*”) at [48]. For the reasons above, we therefore agree with the Judge that the “Nutello” sign and the “Nutella” mark are aurally similar.

(C) Conceptual similarity

33 Third, the Appellant argues that conceptual similarity is absent between the “Nutello” sign and the “Nutella” mark because both are invented words conveying no meaning. It also avers that the Judge had not identified the concept underlying the sign and the mark in question. The Respondent agrees with the Judge that both words are meaningless as they are invented ones, and since “Nutello” was derived from the word “Nutella”, there is conceptual similarity between them.

34 As was rightly stated by the Judge, conceptual similarity involves the consideration of the “ideas that lie behind or inform the earlier mark”: *Festina* at [39], citing *Bently & Sherman* at p 866. However we have difficulties with his finding that there is conceptual similarity between the “Nutello” sign and the “Nutella” mark. His reliance on the authority of *Festina* to arrive at his conclusion may not be wholly appropriate. In *Festina*, the “Festina” and “J.Estina” marks comprised invented words and had a pictorial element of a crest and crown respectively. The judge found conceptual similarity between the marks because the respective crest and crown devices indicated a sense of “class and “status” (see *Festina* at [45]). In the present case, however, although the words “Nutello” and “Nutella” are invented and meaningless like those words in *Festina*, the “Nutello” sign and “Nutella” mark here do not each have a device element which evokes similar ideas. Instead, we think that the case of *Hyundai Mobis (IPOS)* is of greater relevance to the present. There, the marks in question were word marks and comprised invented words, similar to the situation in the present case. The words “Mobil” and “Mobis” were invented. The PAR observed that while the applicants there argued that “Mobis” was derived from the words “mobile” and “system”, it was not obvious when one sees the word “Mobis” that it meant so. He therefore concluded that no finding of conceptual similarity could be made because both the “Mobil” and the “Mobis” marks were meaningless. Similarly, following this reasoning, since the words “Nutello” and “Nutella” are invented and meaningless with no particular idea underlying each of them (and nothing has been shown in that regard) it is difficult to say that they are conceptually similar. The Judge seemed to think (at [69]) that just because “Nutello” was derived from “Nutella” with only a change to the last alphabet, as the Appellant’s witness admitted, this suggests that there was conceptual similarity. We do not see how that follows. While these circumstances certainly justify a finding that there is similarity in the visual and aural sense, they do

not necessarily suggest a conceptual similarity. The Judge did not indicate what the concept was. They are just meaningless words and do not evoke any ideas. With respect, on this issue, we hold that the Judge is in error.

Distinctiveness of the "Nutella" word mark

35 As we have earlier mentioned (see [20] above), the distinctiveness of the earlier mark is a factor to be considered in the similarity analysis. On this point, the Respondent argues in support of the Judge's finding that as the "Nutella" mark is inherently distinctive, being an invented word, merely changing the last letter from "a" to "o" as per the "Nutello" sign would not render the latter sufficiently dissimilar.

36 In *Bently & Sherman* at p 866-867, the learned authors state that the question of whether marks are similar will oftentimes depend on the inherent or acquired distinctiveness of the mark for the goods for which it has been registered. Therefore, if the trademark is highly distinctive, it follows that a sign which has been substantially modified may possibly still be regarded as similar. For such trademarks, then, there is a high threshold to be met in creating a sign or a mark sufficiently dissimilar to it. Inherently distinctive marks include those which comprise inventive words without any notional or allusive quality, an example being the word "Volvo": *Polo (CA)* at [23]. Here, the "Nutella" word mark is an invented word with no particular meaning to it; it possesses a considerable degree of inherent distinctiveness. This distinctive quality is a factor to be considered in determining similarity between the mark and the "Nutello" sign. As such, we agree with the Judge that merely changing the last letter of the "Nutella" word mark from "a" to "o" to form the "Nutello" sign would not suffice to meet this high threshold to render the "Nutello" sign dissimilar from the "Nutella" word mark.

Overall similarity between the "Nutella" word mark and "Nutello" sign

37 We have found that the "Nutella" word mark is inherently distinctive and that it is visually and aurally, but not conceptually, similar to the "Nutello" sign. As stated above at [16], a finding of similarity of marks can be made even though not all three aspects of similarity are established. It is the overall picture that emerges to the court which would be decisive. The wisdom of this "trade-off" approach was noted by the High court in *Festina* (at [53]) as offering "flexibility and latitude to the courts in coming to a conclusion (with regard to the overall similarity of marks) against a contextual background by adapting to the ever evolving commercial reality".

38 For the present case, we are of the view that the visual and aural aspects of similarity are relatively more important than conceptual similarity. This is because the "Nutella" mark and "Nutello" sign are word-only and effectively can only be engaged visually or verbally. Moreover, considering the mode of purchase of products sold under the respective mark and sign, viz, the "Nutella" cream spread being bought from supermarkets and the "Nutello" drink being ordered in TCC cafes, visual reading and recognition of the words in the mark and sign are the only ways of selecting or ordering these products. For the "Nutello" sign in particular, the verbalisation of it is needed when one orders the "Nutello" drink in the TCC cafe.

39 As such, in light of the significance of visual and aural similarity of the mark and sign and the inherent distinctiveness of the former, we find that similarity is established as between them. The first element of s 27(2)(b) TMA is thus made out.

(ii) Similarity of goods

40 Section 27(2)(b) TMA contemplates that with regards to goods, identity or similarity must be

shown. For the purposes of this appeal, we need only consider the question of similarity of the goods. As the Respondent has not appealed against the Judge's finding that the goods are not identical, this aspect of the Judge's finding is no longer in dispute.

41 In finding that the Nutello beverage was similar to the "chocolate products" specification for which the "Nutella" word mark was registered, the Judge explained that the relevant comparison to be made was between the Nutello beverage on the one hand and the actual product in use (*i.e.*, the "Nutella" spread), as well as the types of products in respect of which the respondent has registered its word mark "Nutella" on the other. He held that the comparison ought to be made with the possible range of "chocolate products" as used in the trade besides the respondent's "Nutella" spread. In finding similarity, he took cognisance of the fact that the main ingredient in the Nutello beverage was Nutella spread and that the Nutello beverage was marketed to attract chocolate lovers, in addition to the manner in which the Nutello beverage was served and consumed. He further noted that a market survey showed that consumers considered the Nutello beverage as being similar to chocolate products, and that the drink would fall within the "beverages" category (e.g. "Beverages (chocolate-based)"; "chocolate-beverages with milk"; "chocolate-based beverages") which is also within Class 30 ICGS.

42 The Appellant argues that the parties' goods are in fact dissimilar. First, it submits that the Judge was precluded from finding similarity because he had already found that the Nutello beverage was not identical to a chocolate product. Second, it submits that it is wrong to find similarity of goods simply because the Nutello beverage falls within the same class, *viz*, Class 30 ICGS, as the "chocolate products" for which the Nutella spread is registered. In support of this, the following reasons are proffered: Class 30 ICGS comprises various different products; Jacob J in *British Sugar* did not state that the factors enumerated in his judgment (see *British Sugar* at 296-297 and below at [48]) ("*British Sugar* factors") are irrelevant if the goods are of the same class; the term "chocolate products" is too vague and wide, extending even to products which the Respondent has not produced and applied the mark to or which fall into other ICGS classes; and that the respondent intended to refer only to chocolate cream spread when it registered its "Nutella" mark.

43 However, the Respondent makes the following arguments to the contrary. First, that the correct comparison ought to be between the Nutello beverage and the goods in respect of which the "Nutella" mark is registered for, and that a finding that the goods were non-identical would not preclude a finding that goods were similar. Second, it avers that the Judge did not discount the *British Sugar* factors in reaching his decision that the goods were similar. It argues that there is similarity of goods since both appeal to customers who enjoy the "cocoa taste", with the Nutello beverage being made with Nutella spread as an ingredient, and the "Nutella" word mark has been used by the Respondent in similar Nutella-based beverages of its own, although not in Singapore.

44 At this point we would clarify that, contrary to the Appellant's first argument, a finding that the goods were non-identical would not preclude a finding that goods were similar. We do not understand why a finding made under the identity limb of s 27(2)(b) TMA should be determinative or conclusive of a finding under the similarity limb. Indeed, the fact that s 27(2)(b) refers to the criteria of "identical" and "similar" disjunctively shows that they could mean different things, and the literal meanings of the words point to that as well.

45 Section 27(2)(b) TMA requires similarity between the goods and services for which the offending sign is used and "those for which the trade mark is registered". In *Bently & Sherman* (at p 869), the learned authors state that in an infringement action, courts usually compare the defendant's goods (here, the Appellant's goods) as they have been used with the goods in the claimant's specification (here, the Respondent's specification). In doing this, the court has to

interpret the specification and then characterise the defendant's goods or services (here, the Appellant's goods) to see if they fall within the specification. The Judge held (at [86] of the GD) that the comparison should be made between the Appellant's Nutello beverage product, and both the actual Nutella product in use (*i.e.*, the "Nutella spread") as well as the type of products for which the "Nutella" word mark was registered (*i.e.*, the possible range of "chocolate products" as used in trade). This approach is also consistent with the decision of the European Court of Justice in *Vedial v OHIM (Hubert)* (Case C – 106/03P [2005] ETMR 23), which was a case concerning a proposed registration of a later mark, and where the court held that one should look at the proposed specification of the new mark against the specification of the existing registered mark in determining identity or similarity. While it is true that the judge in *British Sugar* (at 297) made a comparison between the "Robertson product" and the "British Sugar product", it seemed to be in relation to ascertaining infringement. It is not clear whether, when making the comparison between the actual goods, the court there was doing so for the purposes of determining similarity of goods or for determining confusion, as the court there ultimately held that there was no likelihood of confusion and in turn there was no infringement.

46 We agree that the concept of similarity of goods should not be over extended or be interpreted too broadly. In *British Sugar* (at 296) it was stated that the purpose of the words "similar goods" in s 10(2) of the Trade Marks Act 1994 (c 26) ("UK TMA 1994") and the Directive on which it is based (namely the First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks) is to prevent marks from conflicting, both for their respective actual goods and also for a penumbra. However, we need to point out that under the express terms of our s 27(2)(b) TMA, which is substantially similar to s 10(2) of UK TMA 1994, the comparison to be made is not between the alleged infringing goods and the actual goods of the trademark owner but between the alleged infringing goods and the products in respect of which the trademark is registered for. This is also the view of *Bently and Sherman* (see above at [45]). To say that in determining similarity one should only look at the alleged infringing goods and the actual goods of the trademark owner and not at the specifications would be to take a view inconsistent with the express terms of the provision. If that were to be the correct view, what protection is there left for the trademark owner in respect of goods which are within the specifications of the registered mark, but in respect of which the owner has yet to embark upon actual production? Having said that, a late entrepreneur is not without a remedy. He could apply to the Registrar of Trade Marks or to the court for revocation of the registration of the mark in respect of goods which the owner has yet to produce after five years of registration pursuant to s 22(1)(a) TMA . Alternatively, he need not adopt a mark which is similar to the registered mark – there would then be nothing to impede his business venture.

47 We note that in *British Sugar* the first issue which Jacob J identified for determination was "Does the Robertson's product fall within *the specification of goods for which the mark is registered?*" [emphasis added]. Interestingly and pertinently, Jacob J held that the defendant's product, "Robertson's Toffee Treat", which was a toffee spread, was neither identical nor similar to the specification of the registered trademark, namely "dessert sauces and syrup". There, the defendant had also raised the defence of revocation on the ground that the word "Treat" was a common English word which was essentially descriptive and not distinctive. This could explain why Jacob J only felt the need to compare the actual product of the trademark owner with the alleged infringing product and where he held (at 297) that there was no infringement. Therefore, we are in agreement with the Judge that to determine similarity of goods in the present case, one must not only compare the goods of the offending party with the actual product of the owner but also with the specification of the mark. As such we are unable to accept the Appellant's contention that the comparison ought to be made with the registered specification of the "Nutella" word mark as interpreted by its use in practice in the form of the Nutella spread, [\[note: 31\]](#) as this is in substance tantamount to submitting that the comparison ought to be made with the actual Nutella spread product itself.

48 We do acknowledge that the “chocolate products” specification could, on a plain reading of the term, cover a whole range of foodstuff and items. It could include things like chocolate powder, mocha, or even items like chocolate-flavoured body lotion. However, it is not true that simply because of this holding the Respondent would *ipso facto* have a monopoly of the “Nutella” word, or closely related variations, over what is an extensive range of all chocolate products imaginable. This is because a registered owner still needs to establish further the third element, namely, likelihood of confusion, in order to make out a successful case of trademark infringement.

49 It was held in *British Sugar* that the following are relevant considerations in determining the question of similarity of goods:

- (a) The respective uses of the respective goods or services;
- (b) The respective users of the respective goods or services;
- (c) The physical nature of the goods or acts of service;
- (d) The respective trade channels through which the goods or services reach the market;
- (e) In the case of self serve consumer items, where in practice they are respectively found or likely to be found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves; and
- (f) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify particular goods, for instance whether market research companies, who of course act for (the) industry, put the goods or services in the same or different sectors.

50 At this juncture, we pause to address the Appellant’s argument that the Judge erred in relying upon the views expressed by the High Court in *The Polo/Lauren Co, LP v Shop In Department Store Pte Ltd* [2005] 4 SLR(R) 816; [2005] SGHC 175 (“*Polo (HC)*”) (at [33]) that where goods fell within the same class in the ICGS classification system, the goods ought very likely be regarded as similar. In particular, we highlight the following passage:

Accordingly, I have very little doubt that the goods carried by the plaintiff and the defendant are similar, if not identical, for the purposes of s 27(2)(b) of the TMA. The plaintiff’s trade marks were registered under Class 25 of the ICGS and the defendant’s products which are being complained of (mainly T-shirts) **would qualify to be registered in the same class**, as evidenced by their attempted registration. This being the case, **it is not necessary for the court to engage in the test set down in *British Sugar*** The test in that case was employed because the **defendant’s product would not have been registered in the same class as the plaintiff’s and thus there was a need to decide if it was similar enough to the plaintiff’s product**. It would be a **very rare case, if ever, that a defendant could claim that its products, if listed in the same classification as the plaintiff’s were not similar**

[emphasis in original; emphasis added by the Judge in bold italics]

51 The Judge held that since the “Nutello” drink was a beverage falling within Class 30 ICGS (which is the same class as that for which the “Nutella” mark was registered), he was persuaded therefore to find that there was a similarity of goods. While this appears to have a certain logical attractiveness, it should not be determinative – consideration should also be given to the factors enumerated by Jacob

J in *British Sugar* (see above at [48]). Indeed, in *Bently & Sherman* (at p 784), the learned authors have stated that the purpose of the classification process is primarily administrative, *viz*, to facilitate searching for earlier competing marks. That was also seemingly the view of Jacob J. As regards the factors set out in *British Sugar*, ultimately, the weight which ought to be accorded to each factor is for the trial judge to ascribe after assessing all pertinent factors. In other words, it is not a numbers game.

52 The difficulty with applying the *British Sugar* factors to the present case is that we need to compare the Appellant's product not only with the actual Nutella product (*i.e.* the Nutella spread) but also with the specification of the registration, *i.e.*, "chocolate products". Making only a narrow comparison between the two actual products, the following observations could be made:

(a) *Uses*: As Jacob J noted in *British Sugar* (at 297), it is the use "in practice" of the goods that this factor is concerned with, not the target effect of marketing as the respondent has contended. Here, the respective ordinary uses of the "Nutella" and the "Nutello" products are different. The former is a cream spread typically applied on and consumed with bread whereas the latter was a gourmet beverage consumed directly from the shot glass in which it was served.

(b) *Users*: On the facts this factor is neither here nor there since the same person could be the user of both products. For instance, professionals who frequent the Appellant's outlets to consume the Nutello beverage may also use the Nutella spread during breakfast.

(c) *Physical nature*: Likewise, this factor is neither here nor there because while it is undisputed that the Nutella spread is of a viscous nature, it appears from the evidence that the Nutello beverage itself, into which Nutella spread was put was similarly of a viscous nature and required the use of a spoon during consumption.

(d) *Trade channels*: As the Appellant rightly submitted, the trade channels of the Nutella spread and the Nutello beverage are different. The former is commonly sold in supermarkets and convenience stores whereas the latter was sold exclusively at the Appellant's TCC cafés.

(e) *Substitutability*: The Nutella spread and the Nutello beverage can hardly be said to be in direct competition. They are not product substitutes. The former competes with other bread spreads whereas the latter competes with other beverage products.

53 Having said that, if the proper comparison to be made is between the Nutello beverage and the "chocolate product" registration specification, which we think is the case, then many of the *British Sugar* factors may not be applicable as they were premised on comparing two actual products. In so far as the specification of the "Nutella" mark extends to products which have not yet been produced by the Respondent, then the *British Sugar* factors may not be entirely helpful in the conduct of the similarity analysis. At the end of the day, the question would depend on whether the Nutello beverage can be considered a "chocolate product". From the evidence from the market survey and internet blogs, various consumers have commented on the Nutello beverage's chocolate nature (such as its chocolate taste and chocolate content). This indicates rather persuasively that the Nutello beverage has in practice been regarded as a "chocolate product" by those who have consumed it. While not conclusive, it shows that the Nutello beverage can be considered to fall within the "chocolate product" specification. Bearing in mind that the "chocolate product" specification is not only restricted to the traditional solid form of chocolate products, but also encompasses all forms or textures such as powder and even viscous liquids/viscous products like the Nutella spread and the Nutello beverage, the similarity is obvious. It seems to us that one reason the Judge refrained from holding that the "Nutello" product was a chocolate product (*i.e.*, identical to a chocolate product) was essentially

because under the same Class 30 of ICGS there are the following separate categories of goods: "Beverages (Chocolate-based)", "Beverages (Cocoa-based)", "Chocolate beverages with milk" and "Chocolate-based beverages". Although the Respondent could have done so, it did not register the "Nutella" mark against these categories of products under the same class. In the result, we agree with the Judge that the Nutello beverage is not identical but similar to "chocolate products". It seems to us that these products (*viz* "Beverages (Chocolate-based)", "Beverages (Cocoa-based)", "Chocolate beverages with milk" and "Chocolate-based beverages" *et al*), which are listed under the same Class 30 ICGS as "chocolate products", are simply further particularisation of "chocolate products" and are thus similar to "chocolate products". Of course, had the Respondent registered the "Nutella" mark against "Beverages (Chocolate-based)" or "Chocolate-based beverages", it would probably have been a case of "identical" rather than "similar" products. Therefore, in light of the preceding analysis, we are of the view that the "Nutella" and "Nutello" products are similar.

(iii) *Likelihood of confusion*

54 We now turn to consider the third element to establish infringement: likelihood of confusion. The Judge found a likelihood of confusion because of the great similarity of the marks and the goods respectively, the distinctive nature of the "Nutella" word mark and the evidence showing that approximately 30% of the relevant public surveyed had indicated that they were confused.

55 The Appellant argues that the relevant test is confusion of "a substantial number of the relevant public" and that principles of passing off should apply to determine whether this element of confusion is established. It submits that the "relevant public" should comprise the Appellant's actual and potential customers. It adds in relation to this that the number of people must be substantial, and that there would be a real impact on the Respondent's trade or goodwill. As the Respondent had not shown weak or negative sales, but to the contrary achieved a 20% increase of sales each year, the Appellant argues that there could not have been any confusion. It also argues that the Judge was overly reliant on survey evidence in finding that there was confusion and had failed to consider other circumstances and the requisite "extraneous" factors. As to what these "extraneous" factors are, this will be elaborated below at [60]. On the other hand, the Respondent submits that passing off principles are irrelevant to the interpretation of the likelihood of confusion element in trademark infringement. In any event, the Respondent argues that "extraneous" factors should play no part in the confusion analysis.

56 Before determining whether there is a likelihood of confusion, there are two legal principles which we need to address briefly. Both are germane to the issue of confusion. The first concerns the term "substantial portion (of the relevant public)" and the second relates to the "extraneous" factors and whether they ought to be taken into consideration in determining confusion.

57 It is settled law that the test to be adopted in determining likelihood of confusion is whether a substantial portion of the relevant public will be confused (see *Hyundai Mobis (CA)* (at [77]-[82] and GD at [92])). As regards what constitutes a "substantial portion" of the relevant public, this court had the occasion to deal with an identical set of words found in s 8(3)(b)(iii) TMA concerning trade mark opposition proceedings in *Hyundai Mobis (CA)* (at [77]-[82]). The identical words were "there exists a likelihood of confusion on the part of the public". We agree with the Judge that the essence of this requirement is that there must not be an insubstantial number of the relevant public being confused. This standard is above *de minimis* and must be appreciable, though it is not necessary to show that a majority of the public is confused. It is insufficient, however, if only a "single member" of the relevant public is confused or if only a "very small and unobservant section" is confused: *Hyundai Mobis (CA)* at [79].

58 It is of little assistance for the Appellant to argue that evidence of rising sales of the Respondent's Nutella spread suggests indirectly that there was no confusion. While the rise in the latter's sales can indicate a lack of confusion, it is not necessarily the case, especially in circumstances like the present. It must be borne in mind that in the context of this case it is not alleged that the Nutella spread which the Respondent put into its product (*i.e.*, the Nutella beverage) is not genuine Nutella spread. The confusion in question relates to the relevant public being made to labour under the impression that the Appellant was somehow related to or had some business connection with the Respondent. This being the nature of confusion, there was no reason for the Respondent's sales to trend downwards. This aside, it does not follow as a general proposition that the existence of confusion must necessarily lead to a fall in sales. Neither would it mean that an absence of confusion would necessarily translate into observable sales increment. There may be other external and/or commercial factors which could have spurred the high sales achieved by the trademark owner, as in this case.

59 In *City Chain*, which also involved a s 27(2) TMA trademark infringement action, this court explained in some detail who would constitute the "relevant public". Where a product is commonly available and purchased by the general public, the average consumer would be the general public: *City Chain* at [56]. Even so, the court will nonetheless try to ascertain in such cases who the target consumers really are: *City Chain* at [59]. In the present case, the "relevant public" would be the general public as both the Nutella spread and the Nutello beverage are available generally for the public to purchase and consume. As for the target consumers of the Nutello beverage, they would likely be sophisticated executives, professionals and business people; while those for the Nutella spread would likely be shoppers in supermarkets and provision stores in general.

60 The term "extraneous factors" has been used to encompass matters outside and beyond the marks and the goods themselves: see Ng-Loy Wee Loon, "Developments in Singapore Trade mark Law 2006-2010 – Confusion-based Protection and Beyond" in Yeo Tiong Min, Hans Tjio and Tang Hang Wu gen eds, *SAL Conference 2011: Developments in Singapore Law Between 2006 and 2010 – Trends and Perspectives* (Academy Publishing, 2011) at p 354. It includes steps taken by the defendant to differentiate his goods from that of the claimant registered proprietor. The question therefore is whether these "extraneous factors" should be taken into account to determine whether there was in fact a likelihood of confusion on the facts of each case. The author was of the view that such "extraneous factors" should be excluded from the confusion analysis. Understandably, this view was supported by the Respondent. The reasons given by the author were as follows: firstly, statutory interpretation of s 27(2)(b) TMA does not contemplate including such factors into the confusion analysis; secondly, the nature of protection in passing off actions where these factors are relevant is different from that under TMA; and thirdly, the policy reason of certainty for the business community would be advanced if such factors were excluded. The two English authorities relied on were *Saville Perfumery Ltd v June Perfect Ltd* (1941) 58 RPC 147 ("*June Perfect*") and *Julius Samann Ltd v Tetrosyl Ltd* [2006] FSR 42. However, the author was also cognisant of the fact that this Court had adopted a contrary position in *Polo (CA)*. The Appellant here took the position as in *Polo (CA)*. The reasons given for including "extraneous factors" in the confusion analysis are as follows: firstly, extraneous factors used to be considered under the Trade Marks Act 1939; secondly, the English High Court decision of *In the matter of an Application by the Pianotist Co Ltd for the Registration of a Trade Mark* (1906) 23 RPC 774 ("*Pianotist*") called for "all the surrounding circumstances" to be considered; and thirdly, the underlying aim of trade mark law is ultimately to prevent confusion. While we recognise the force of the arguments above, we think that, on balance, the better view is that "extraneous factors" should be included in determining if there is a likelihood of confusion on the facts. This was the view of this court in *Polo (CA)*. The observation was made at [25] that if Parliament had intended that upon establishing similarity in marks and goods there would immediately be a finding of confusion, Parliament would have used the phrase "there shall be deemed to be

confusion". There would then be no question of there being a three-step approach to establishing trade mark infringement. We should mention that the judge in *Polo (HC)*, having examined similar arguments before him, came to the same conclusion as well. In his view, under s 27(2)(b) TMA, the likelihood of confusion must arise from the similarity of goods and marks. The judge further observed that where steps had been taken to distinguish the goods, the likelihood of confusion can become merely hypothetical or speculative. As to the argument that the nature of protection under passing off and the TMA is different, the judge in *Polo (HC)* (at [23]) emphasised that the difference between the regimes was that for TMA infringement actions, confusion must result from the similarity of marks and goods and only then can the court proceed to examine if the likelihood of confusion was real. We would also add that simply because the nature of protection under both these regimes is different, this does not lead to the conclusion that a consideration of "extraneous factors" in TMA infringement actions must necessarily be erroneous. The judge in *Polo (HC)* (at [19]) noted that the English authorities appeared to differ on the correct approach. He referred to, *inter alia*, *June Perfect* and *Pianotist*. In *Pianotist*, Parker J held (at 777) that the court should, in determining confusion, consider "the nature and kind of customer who would be likely to buy those goods". In *June Perfect*, which omitted to discuss the earlier authority of *Pianotist*, Sir Wilfred Greene MR said that the appropriate approach depended on the goods in question. In contrast, the judge in *Polo (HC)* (at [20]) noted that Singapore cases had always clearly and consistently included the "extraneous factors" in the analysis. The examples given were decisions of this Court in *Kellogg Co v Pacific Food Products Sdn Bhd* [1998] 3 SLR(R) 904 and *McDonald's Corp v Future Enterprises Pte Ltd* [2005] 1 SLR(R) 177. Recent decisions by this court in *City Chain* and *Hyundai Mobis (CA)* continue to follow this approach. Relatedly, we note that some commentators were also in favour of including "extraneous factors" in analysing whether there was a likelihood of confusion on the facts of the *Polo (HC)* case: Ng-Loy Wee Loon and Tan Tee Jim, *Intellectual Property Law Chapter in the Annual Review of Singapore Cases* (6, 2005) at para 16.62.

61 At this juncture, we would pause to briefly touch on the policy considerations in relation to trade mark law. There appear to be two competing policy concerns here, that of preventing confusion on the one hand and promoting business certainty on the other. Additionally, the need to guard against the danger of creating a monopoly in the trademark for the registered trade mark proprietor which extends protection beyond what is necessary and fairly required in the circumstances must be kept in mind. As the judge in *Polo (HC)* observed (at [19]), protection offered to a registered trade mark proprietor is "wide but is not indefinite". In the final analysis, we agree that the main concern is to ensure that consumers do not get confused as to trade sources. This view was very pertinently stated in *Polo (HC)* at [19]:

The ambit of (trade mark) protection should be guided by the underlying aim of a trade marks regime, which is *to ensure that consumers do not confuse the trade source of one product with another. For instance where the consideration of other matters can assist the court in drawing the line at cases where the likelihood of confusion is merely imaginary, there is no reason not to do so. Otherwise, the law will end up extending protection where none is needed.*

[emphasis added]

62 Therefore, the court has to take a holistic view of all the circumstances – *including* the "extraneous factors" – in order to determine whether a likelihood of confusion can be said to exist on the facts of each case.

63 Confusion will not be presumed simply because the marks and the goods are similar: *Polo (CA)* at [25]. As this court stated in *Polo (CA)* at [28], citing *Associated Newspapers Ltd v Express Newspapers* [2003] FSR 51, the question of likelihood of confusion has to be assessed globally, taking

into account all the circumstances such as the closeness of the goods, the impression given by the marks, the possibility of imperfect recollection and the risk that it may be believed that the goods came from the same source or economically-linked sources. Mere association by the relevant public between two signs based on their similar use is insufficient to establish confusion if the public is not misapprehended about the goods' origins: *City Chain* at [58]. The finding of likelihood of confusion is a finding of fact and it is a matter for the court to determine at the end of the day: *Electrolux Limited v Electrix Limited* (1954) 71 RPC 23 at 31.

64 Survey evidence is relevant in assessing whether there is a likelihood of confusion on the part of the relevant public. That said, we agree with the Judge that survey evidence should not be conclusive (see [129] of GD). Rather, it is only one factor in the global confusion analysis. Both the Appellant and the Respondent here had conducted surveys to ascertain the proportion of the relevant public who were confused. Interestingly, each of the parties' surveys showed that about 30% of the relevant public were likely to be confused, after adjustments were made for shortcomings in survey methodology and data collection, and the Judge found so accordingly. The Appellant was not able to furnish any compelling reason to say that this determination of the Judge is wrong. By any standard, 30% cannot be said to be insignificant, and indeed we would hold that that constitutes a *substantial* portion of the relevant public (see at [57] above). Due weight ought to be given to these results in the final analysis.

65 We should also add that given the degree of similarity between the mark and the sign (see [39] above) and the highly distinctive nature of the respondent's "Nutella" word mark (see [36] above), these circumstances would certainly go no small way in confusing the relevant public. As stated in *Holyoak & Torremans, Intellectual Property Law* (Oxford University Press, 6th Ed, 2010) ("*Holyoak*") at p 437, there would generally be an increased likelihood of confusion where a mark is highly distinctive.

66 We recognise that there are "extraneous" factors which seem to weigh against the finding of a likelihood of confusion, such as the differences in retail outlet locations of the parties goods, purchasing process and product packaging. That said, there are other considerations which lean toward the opposite finding. These include the closeness of the parties' goods as consumption foodstuff, the impression given by the marks that the goods are related since the words "Nutello" and "Nutella" are substantially similar, and that some portion of the relevant public had actually believed that the goods came from the same source or that authorisation had been given to the Appellant to use the "Nutello" name for its drink. Further, we would add that where confusion is in the sense of the parties being related or having a business link between them, the fact that the parties' goods are sold through different channels would not be very significant.

67 In light of all the circumstances, we are of the view that there existed a real likelihood that a substantial portion of the general public and/or the target consumers of these goods would be confused in the sense that they would think that the parties are related or have business links between them. As this Court had observed in *Polo (CA)* (at [35]), quoting Laddie J in *Wagamama Ltd v City Centre Restaurants Plc* [1995] FSR 713 (at 732), whether there has been trade mark infringement has been said to be more of "a matter of feel than science". Ultimately, this whole question of confusion is really a matter of perception.

68 In sum then, we find that the s 27(2)(b) TMA claim is made out.

The Second Issue: Whether there is well known trade mark infringement under s 55(2) TMA?

69 Section 55 TMA is concerned with well known trademarks under which the trademark proprietor would be entitled to obtain relief by injunction to restrain the use by anyone else of an identical or

similar mark, or the essential part of which mark is identical or similar to the well known mark. The Appellant does not dispute that "Nutella" is a well known trademark.

70 The Judge found, on the facts, that there was infringement by the Appellant under s 55(2) TMA. The Appellant argues that the Judge omitted to consider that part of the provision which concerns the "essential part" of the Appellant's mark being similar to the "Nutella" trademarks. It submits that the Judge had simply adopted the reasons he used in the s 27(2)(b) TMA infringement analysis to conclude that there was infringement under s 55(2) TMA despite the fact that these two sections are worded differently, viz, s 27(2)(b) TMA lacks reference to an "essential part" of the alleged infringing mark whereas s 55(2) TMA does refer to this. We find that this point has no merit. First, as we see it, the slight difference in wording between these two sections could be due to an oversight during legislative drafting. We will explain. The legislative wording of s 55(2) TMA is modelled after Article 4(1)(b) of the World Intellectual Property Organisation's Joint Recommendations Concerning Provisions on the Protection of Well known Marks ("Joint Recommendations"). As was noted in *Novelty Pte Ltd v Amanresorts Ltd and Another* [2009] 3 SLR(R) 216 ("*Amanresorts*") (at [163]), Article 4(1)(b) of the Joint Recommendations is an "amalgam of Article 16 of the Agreement on Trade-Related Aspects of Intellectual Property Rights, the law of dilution in American jurisprudence and, the European Union law relating to trade marks with a reputation as set out in the First Directive 89/104/EEC of the Council, of 21 December 1988, to approximate the Laws of the Member States Relating to Trade Marks". In contrast, the legislative wording of s 27(2)(b) TMA was closely modelled after the UK TMA 1994. That the legislative wording of s 27(2)(b) TMA and s 55(2) TMA respectively was adopted from two different sources without much amendment perhaps explains the discrepancy.

71 Secondly, and more importantly, we observe that the phrases "any trade mark" and "an essential part of (that mark)" are separated by the disjunctive word "or". As such, assessing the "essential part" of the trademark in the s 55(2) TMA analysis is only at best an alternative and not a mandatory requirement. In any event, in the context of this case an analysis under the alternative basis does not arise as the Appellant's mark which is under attack is the entire word "Nutello", which is similar to the Respondent's mark "Nutella". Next, the Appellant highlights the fact that some of the "Nutella" marks are depicted together with other devices, such as a slice of bread, a knife, hazelnuts and milk glass (see [3] above), whereas the "Nutello" mark does not have any such depiction. However, as rightly pointed out by the Respondent, consumers would usually refer to the word or words in a trademark and importantly, the distinctiveness of the "Nutella" word would have an impact on consumers. In this regard, it was observed in *Racetechno Auto* at [37] that where a distinctive word is used together with a device in a trademark, it is very likely the word that would leave an impression on consumers' minds. While we acknowledge that the applicability of this proposition depends very much on the circumstances of each case, we find this observation is appropriate here. A consumer of the Nutella spread would typically refer to it by name and give relatively less emphasis to the device printed along with it.

72 The Appellant also argues that the visual and conceptual dissimilarity between the "Nutello" sign and the "Nutella" device marks would obviate any likelihood of confusion. Given our observations of the visual impact of the two marks here being relatively significant (see [71] and [38]) and our finding made earlier of similarity of goods (see [53] above), there is no need to engage this argument further.

73 Accordingly, we would affirm the finding of the Judge that infringement under s 55(2) TMA has been made out.

The Third Issue: Whether there is infringement by damaging connection of well known trade mark under s 55(3)(a) TMA?

74 The Appellant argues against the Judge's finding that there was infringement by damaging connection under s 55(3)(a) TMA. To establish a case under this provision, the proprietor of a well known trade mark must show the following: first, that the defendant's mark, or an essential part of it, is identical with or similar to the proprietor's mark; second, that the use by the defendant of its mark would indicate a connection between the goods or services of the defendant with the proprietor; and third, that because of the connection the interests of the proprietor are likely to be damaged. Here, we ought to clarify that unlike the position under s 27(2), the well known trade mark proprietor need not show that the goods or services of the defendant are similar to those of the proprietor.

75 The Appellant's main points of contention are twofold. First, it reiterates the argument on confusion *i.e.*, that the "Nutello" sign, or its essential part, is not similar to the "Nutella" mark. As we have already dealt with this point at [71] above, we do not think there is a need to traverse the same arguments. Suffice it to say that there is no merit in the argument. Indeed, because of the similarity between the sign and the mark, it suggests to the mind of the average consumer that there is a connection between the Nutello beverage and the Respondent's product, *i.e.*, the Nutella spread. This points to a confusing connection. Second, the Appellant contends that there is nothing to show that the interests of the Respondent would be damaged on account of that connection. In this regard, the Appellant highlights the fact that the evidence from the Respondent shows that its sales in Singapore increased by a "whopping 20% from each preceding year". Neither is there any evidence that the Respondent's bottom line had been affected during the three years that the Appellant had used the mark "Nutello" for its drink, namely, August 2007 to July 2010.

76 As regard the "connection" and the "likely to damage the proprietor's interests" requirements in s 55(3)(a) TMA, the Judge adopted the holding by this Court in *Amanresorts* (at [234]) that the tests for both these elements were "substantively the same" as the tests relating to the misrepresentation and damage elements under the law of passing off; the only difference is that the tests in passing off concern the proprietor's "goodwill" while the tests under s 55(3)(a) TMA concern the "interests" of the well known trade mark proprietor. It is an implicit requirement that the requisite "connection" must be a confusing one, *viz*, a likelihood of confusion must be shown in relation to the connection between the parties' products: *Amanresorts* at [218], [226] and [233]; *Hyundai Mobis (CA)* at [36].

77 The Judge found that there was a confusing connection based on his finding of confusing misrepresentation in the passing off action (see GD at [166]), which was in turn based on his finding of a likelihood of confusion under s 27(2)(b) TMA (see GD at [112]). Given that the test for the "connection" requirement is similar in substance to the test for the misrepresentation requirement in passing off (the findings of which were in turn based on the findings made in relation to the likelihood of confusion element in s 27(2)(b) TMA), and the distinction between the tests (see [76] above) does not result in any effective difference on the present facts, we find no reason to disagree with the Judge that there is the requisite confusing connection under s 55(3)(a) TMA here.

78 As regards the element of damage, the Judge found that damage was likely to be caused to the Respondent's interests, basing this finding on his finding of damage under the claim in passing off (see GD at [166]). He found that the head of damage under the passing off claim was made out because the Respondent's expansion into the drinks business in Singapore would be restricted as a result (see GD at [217]-[219]). The Respondent, while recognising that it had not suffered any loss in terms of sales, (and here we would observe that as the Appellant had in fact used genuine Nutella spread in producing its Nutello beverage, this would no doubt help increase the sales of the Respondent's product), nevertheless argues in support of the Judge's finding that a restriction of its expansion into the Singapore drinks business would constitute damage of its interests. We agree. Insofar as this head of damage, *viz*, restriction on the expansion by the Respondent into the Singapore drinks business is concerned, not only is it a recognised head of damage under passing off, it similarly

features as a head of damage under s 55(3)(a) TMA. The only difference, we reiterate, is that under s 55(3)(a) TMA, such damage must be shown to pertain to the interests of the proprietor of the well known mark: *Amanresorts* at [234]. This head of damage is a recognised one for the purposes of s 55(3)(a) TMA as can be seen in Tan Jee Tim S.C., *Law of Trademarks and Passing Off in Singapore* (Thomson Sweet & Maxwell Asia, 2nd ed, 2005) at para 6.54: while the foremost and most obvious damage to a proprietor's interests in the mark is that of pecuniary interests as exemplified by loss of sales and loss of profits, other forms of damage to his interests may include a restriction on the expansion of the use of his well known mark and an exposure to liability. In *Hyundai Mobis (CA)* (at [98]), albeit in the context of discussing possible heads of damage under s 8(3)(iv) TMA (which similarly has a damage requirement), this court had also observed that restricting the expansion of use of a well known trade mark would constitute damage to the interests of the proprietor. We note that the Appellant in its case does not challenge the Judge's determination that such a restriction on the proprietor's expansion into the drink business would constitute damage within the meaning of s 55(3)(a) TMA, other than reiterating that there is no evidence of loss of sales or profits on the part of the Respondent because of the Appellant's use of the "Nutello" sign on its drink. The restriction on the expansion of use of the Respondent's well known "Nutella" trademarks in the Singapore drinks business can therefore constitute the likely damage to the Respondent's interests in that well known mark. Therefore, we agree that a case under s 55(3)(a) TMA has been made out.

The Fourth Issue: Whether there was dilution by blurring under s 55(3)(b)(i) TMA?

79 The fourth issue relates to the question of unfair dilution under s 55(3)(b)(i) TMA. To establish such a case, the following must be shown. First, that a defendant has used a trademark on its goods or services (of whatever nature), and that trademark, or the essential part of which, is identical or similar to a well known trademark of the plaintiff. Second, that such use of the trademark on the goods or services of the defendant has been without the consent of the well known trademark proprietor. Third, that the well known trademark is well known to the public at large in Singapore. Fourth, that such use of the trademark by the defendant would cause dilution in an unfair manner of the distinctive character of the well known trademark. The Judge found that there was dilution by blurring of the Respondent's "Nutella" mark with the Appellant's use of its "Nutello" sign, resulting in difficulty for the public in associating the "Nutella" mark with the Respondent's products (GD at [177]).

80 The Appellant submits, firstly, that it is conceptually incongruous for the trial judge to find both trade mark infringement, which is based on a likelihood of confusion as to the origin of the goods, and dilution, which is not based on such confusion. Secondly, it argues that no dilution in an unfair manner of the distinctive character of the "Nutella" trademarks can be said to have arisen on the present facts.

Is it conceptually incongruous to find both infringement and dilution?

81 In support of its contention of conceptual incongruity, the Appellant relies on the article "Trademark Infringement and Dilution are Different – It's Simple" (2010) Trademark Reporter, Vol 100, No 3 ("*Trademark Infringement and Dilution are Different*") by John Shaeffer ("Shaeffer"). Put simply, Shaeffer argues that if consumers are confused, they in fact believe that the goods relate to the same single source. If so, this necessarily means that there has been no whittling away or lessening of the identification of the mark with a single source: *Trademark Infringement and Dilution are Different* at 850. Therefore, where there is confusion as to the source, the claim should be for infringement; whereas if consumers view the junior user's mark (here, the Appellant's sign) as identifying a different source, the claim should be for dilution: *Trademark Infringement and Dilution are Different* at 811. Shaeffer went so far as to say that proof of a likelihood of confusion, while

sufficient for infringement claims, should in fact defeat dilution claims.

82 However, at a later part of his article, Shaeffer himself concedes that it does not mean that proof of actual confusion necessarily undermines a dilution claim. This is because the fact that there are "some consumers (who) experience... confusion does not mean *all* or even a majority of consumers... will be similarly confused": *Trademark Infringement and Dilution are Different* at 836. This view is held by Kathleen B. McCabe ("McCabe") in her article "Dilution-by-blurring: A Theory Caught in the Shadow of Trademark Infringement" (2000) 68 Fordham L Rev 1827 ("*Dilution-by-blurring*"). She states that unauthorised use of trademarks can constitute both infringement and dilution. Thus, the conundrum that Shaeffer has created is apparent rather than real. This is explained clearly in *Dilution-by-blurring* (at 1841) as follows:

In the mind of an individual consumer ... only one of these violations [*i.e.*, dilution or infringement] can occur. "Either a person thinks that the similarly branded goods come from a common source ... or not. In that sense they are inconsistent states of customer perception." Yet both perceptions are possible among various members of the public as to any given mark. ... *While a finding of dilution necessarily precludes a finding of infringement in the mind of a single consumer, it does not preclude a finding of infringement in the mind of her neighbour.*

[emphasis added]

This, in our view, sheds light on understanding how in a given set of circumstances there could be a claim both in trademark infringement as well as dilution.

83 Additionally, McCabe points out that while the protection of trademarks in an infringement action is conditioned on avoiding consumer confusion, in a dilution action, it is the very ownership of the mark and its consequent value that is sought to be protected: *Dilution-by-blurring* at 1842. Given this difference in the basis and purpose of protection under the two causes of action, and the fact that the perception of the circumstances by two consumers could very well be different (see above at [82]), we do not see how the two causes should be regarded as mutually exclusive courses of action.

84 Indeed, conceptual reasoning aside, it seems to us that the definition given to the term "dilution" in s 2(1)(b) TMA puts the point beyond controversy. The definition expressly provides that "dilution" can be established "regardless of whether there is any likelihood of confusion on the part of the public". Therefore, an action in dilution can undoubtedly stand even when a finding of a likelihood of confusion, which goes toward establishing trade mark infringement, is made out.

85 The Respondent contends otherwise and relies on authorities from the UK, EU and USA to show that the courts in those jurisdictions have addressed this similar point in the same way as the Judge did in the present case. In its submissions (at [239]), the Respondent also says that a finding of a likelihood of confusion would assist a dilution by blurring claim, relying on the authority of *Intel Corp Inc v CPM United Kingdom* [2008] ETMR 13 ("*Intel*"). While it is in order to cite foreign authorities which are germane, the utility of such foreign authorities would depend upon whether in those cases the courts had, in fact, recognised the essential difference between a dilution and an infringement claim. As McCabe points out, while it is possible that both infringement (premised on confusion) and dilution can be found on the same facts, "dilution does not flow from infringement". She emphasises that consumer confusion does not feature in the dilution analysis: *Dilution-by-blurring* at 1865.

86 Sometimes the distinct nature of these two claims are apparently overlooked. McCabe has observed that in some cases, the courts had found consumer confusion (and thus infringement) and

thereafter used the language of confusion analysis to find dilution. This problem has also been noted in *Bently* (at 878), albeit in the context of rejecting trade mark registration which would dilute an earlier mark with a reputation. Previously, there were some early English decisions which had suggested that it was necessary to show a likelihood of confusion for registration of trade marks to be rejected on the ground that it would dilute the distinctiveness of a well known mark. Today, however, courts have gained greater awareness of the difference between the two claims and have refrained from using the language of confusion to analyse or provide the basis for its finding of dilution. In *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld* [2004] FSR 21 ("*Adidas*"), a case cited by the Respondent, the European Court of Justice stated expressly (at [29] and [31]) that confusion was not a precondition to establishing liability under the dilution provision in Article 5(2) of the Trade Marks Directive (the equivalent of s 55(3) TMA), unlike what is required for infringement under Article 5(1)(b) of the Trade Marks Directive. For a dilution action, it noted that what was required was the relevant section of the public making a connection or establishing a link between the sign and the well known trade mark, even though no confusion arose. Also, in the US District Court case of *The New York City Triathlon LLC v NYC Triathlon Club Inc* 704 F Supp 2d 305 cited by the Respondent, the court there likewise did not use the language of confusion analysis when making its finding of dilution. In *Intel*, the European Court of Justice stated (at [57]) that a link between the marks is necessarily established when a likelihood of confusion exists. But the court also acknowledged later in its judgment (at [58]) that the implementation of the anti-dilution protection under Art 4(4)(a) EU Directive 89/104 did not require that a likelihood of confusion also existed.

87 The Appellant also makes the wholly unmeritorious argument, by erroneously relying on Shaeffer's article *Trademark Infringement and Dilution are Different* (at 809), that dilution claims apply only to distinct or dissimilar goods. It overlooks the fact that Shaeffer himself had acknowledged later in his article (at 809-810) that "Congress never intended to limit the reach of this cause of action (*i.e.*, dilution) to unrelated goods only." *Bently* (at 885) affirms this, stating that dilution protection applies equally to "similar (and) dissimilar products". Indeed, s 2(1)(a) TMA states that dilution may be established "regardless of competition" between the trademark proprietor and the other party. Moreover, the opening linking words of s 55(3) TMA do not prescribe any such limitation as to the nature of the goods or services and, instead, have merely referred to "in relation to any goods or services". Comparison may be made in this regard with s 55(2) TMA. If Parliament has intended to introduce any such limitation it would have said so, as it did in s 55(2) TMA where the words used are "in relation to *identical or similar* goods or services". In the light of such differences in phraseology in s 55(2) TMA and 55(3) TMA, it is clear that for the purposes of s 55(3) TMA it does not matter whether the goods or services of the Appellant are identical, similar or otherwise to the goods or services in respect of which the Nutella marks are registered.

88 In conclusion, we reject the Appellant's argument based on conceptual incongruity, and instead hold that it is not conceptually incongruous to find both infringement and dilution made out on a given set of facts. Both claims are not mutually exclusive.

Showing dilution of an "unfair manner" of a trademark's distinctive character

89 The Appellant submits next that "an additional factor" has to be shown for the dilution to be "unfair" as required by s 55(3)(b)(i) TMA. It says that the Judge's finding of a mere mental link between the sign and the well known trademarks does not suffice. It argues that actual or prospective injury to the "Nutella" trademarks or a change in the Respondent's consumers' economic behaviour must be shown for any unfair dilution to be established. It avers that the Respondent has failed to show proof of detriment such as loss of sales or adverse changes to its customers' behaviour consequent upon the Appellant's use of the "Nutello" sign.

90 In this regard, the Respondent has helpfully pointed out that as s 55(3)(b)(i) TMA is based on Article 4(1)(b)(ii) of the Joint Recommendations, regard may be had to the explanatory notes to this Article in order to ascertain what is meant by dilution "in an unfair manner". [\[note: 4\]](#) The relevant section states:

... The meaning of the words "in an unfair manner" implies that third-party use of a well known mark which is not *contrary to honest commercial practice* (e.g. reference to a well known mark for review or parody) does not constitute dilution.

[emphasis added]

The case which the Appellant has relied on to argue that such an "additional factor" is needed is *Whirlpool Corporation v Kenwood Ltd* [2010] RPC 2, which is not entirely germane as that case dealt with an unfair advantage claim and not a dilution claim. The court should be slow to rely on authorities on unfair advantage and readily draw parallels between the requirements for an unfair advantage claim and a dilution by blurring claim. This is because each protects a different aspect of the well known trade mark, viz, the former prevents exploitation and free riding on the reputation of the mark whereas the latter prevents the mark's distinctiveness from being blurred such that it need not necessarily give rise to immediate association with the registered proprietor's goods. [\[note: 5\]](#) Consequently, it is hardly surprising that the conditions required to establish each of these claims will be different.

91 In *Holyoak* (at p 443) it was expressly stated that actual or present harm to the proprietor's mark is not required to be shown; rather, what needs to be shown is *prima facie* evidence of a future risk of detriment which is not hypothetical. We find persuasive the interpretation proffered by the First Board of Appeal in *Citicorp and Citibank, N.A v Incepta Group plc* Case R 821/2005-1 ("*Citicorp*") on the European Court of Justice decision in *Intel* as to what sort of harm or injury would suffice for a dilution action. In *Intel*, the European Court of Justice held (at [77]), as regards Article 4(4)(a) of the EU Directive No. 89/104 which sets out the EU equivalent of the dilution provision, that:

... [P]roof that the use of the later mark is or would be detrimental to the distinctive character of the earlier mark requires evidence of a change in the economic behaviour of the average consumer of the goods or services for which the earlier mark was registered consequent on the use of the later mark, or a serious likelihood that such a change will occur in the future.

Referring to this paragraph in *Intel*, Registrar Pinkowski in *Citicorp* (at [38]) said:

Presumably all that the Court meant, in paragraph 77 of the *Intel* judgment, is that *it must be shown that the economic value of the reputed trade mark will be impaired, possibly in the medium or long term, as a consequence of the use of the later mark, in the sense that consumers of the goods or services for which the reputed mark is protected and known will be less inclined to associate immediately with the undertaking that has build up the trade mark's reputation. There is no need to show an imminent danger of lost sales. It is sufficient to show a probability of damage to the mark's advertising function as a vehicle for building up and retaining brand loyalty.* ...

[emphasis added]

It bears setting out in full the reasoning of the Registrar in *Citicorp* in reaching this conclusion on the question of the harm or damage which needed to be shown in a dilution claim. He explained (at [38]):

... It is not easy to understand what is meant by a change in the economic behaviour of consumers or why the Court [in *Intel*] thought that evidence of such a change should be necessary in order to support a claim based on detriment to distinctive character. Consumers spend their money on a range of goods and services, making their choices in whatever way comes closest to satisfying their needs and desires as they perceive them (or as they are persuaded to perceive them through advertising). That is what the economic behaviour of consumers amounts to. *At first sight, it might seem that a change in economic behaviour implies that consumers refrain from buying certain goods or services and buy other goods or services instead. It is difficult to believe that the Court of Justice intended to require evidence of such a change in the spending habit of consumers. Although paragraph 77 of the [Intel] judgment is introduced by the words 'It follows that ...', there is nothing in the previous paragraphs of the Court's judgment to suggest that a change in spending habits is required in order to show detriment to distinctive character. Moreover, if the Court's intention was to ensure that reputed trade marks are protected against dilution in the manner envisaged by Schechter, as paragraph 29 of the [Intel] judgment implies, there is reason to believe that the Court did not mean to require evidence of a change in the spending habits of the relevant consumers. No-one who was contemplating buying a Rolls Royce car would decide to buy a Mercedes Benz or a Ferrari instead because someone had started using 'Rolls Royce' as a trade mark for cafeterias or candy.* The conclusion must be that the Court [in *Intel* (at [77])] did not intend to require that sort of dramatic change in the economic behaviour of consumers in order to show detriment to distinctive character. ...

[emphasis added]

It seems to us that the Registrar in *Citicorp* has suggested that the court in *Intel* did not appear to have an appropriate basis upon which to conclude, as it did, that proof of a change of consumer economic behaviour is required before dilution can be established. As alluded to in [87] above, to establish a case of unfair dilution, it does not matter whether the two goods in question are similar in nature or otherwise. In a case where the goods are dissimilar, we do not see how it is possible to show evidence of adverse changes in consumer economic behaviour since the goods are not consumption substitutes and are thus not purchased in direct competition to each other. In this regard, we think that s 2 TMA quite clearly supports the view that no actual loss of sales or profits needs to be shown, because the definition of "dilution" there states that it can occur "regardless of whether there is any competition between the proprietor of the trade mark and any other party", and also "regardless of whether there is any likelihood of confusion on the part of the public". As it is not necessary to show competition it will be difficult indeed for the trademark proprietor to show marked adverse changes to its profits or sales because of the other party's use of its sign. Accordingly, proof of such loss is not a necessary pre-condition to establishing dilution.

92 This view is reinforced by McCabe who describes dilution as a process involving "death by a thousand cuts" of a trademark occurring slowly over time" (at 1862). Immediate and apparent actual damage in the form of the trade mark proprietor's loss of profits may not be that easily shown in practice. With the practical difficulty of showing loss and if evidence of actual damage is still insisted on, this would invariably result in the under protection of well known trademarks, contrary to legislative intention in enacting s 55(3)(b)(i) TMA.

93 In this connection, we note that in *Intel* (at [75]), the European Court recognised that the *first* use of an identical or similar sign may be sufficient to point to a real and serious likelihood that detriment to the distinctive character of the well known trade mark will occur in the future. Accordingly, we agree with the Judge who observed (GD at [176]) that because the first use could kick-start the process of dilution, the well known trademark proprietor "should not be required to wait

until harm is actually done to the distinctive character of the trade mark before he may obtain an injunction against dilution". This is plain good sense.

94 Therefore, it is sufficient to show a real or serious probability of damage to the well known trademark's advertising quality or symbolic function in order to establish a dilution claim. In the rare occasion where the trademark proprietor can show proof of actual or immediate damage, we think that it will just add further weight to his claim for dilution.

Whether there is dilution by blurring?

95 In the present case, we agree with the Judge's finding that dilution by blurring is made out. He held (at [177]) that the public would have difficulty in associating the "Nutella" mark with the Respondent's products if the "Nutello" sign were to be used on various goods, and also that the distinctiveness of the "Nutella" mark would be lost should others decide to use word variants of the "Nutella" mark in their trade. While we broadly agree with the Judge's reasoning, we will first briefly examine the essence and purpose of a dilution action, and then analyse the present claim in dilution by the Respondent against the Appellant.

96 It appears from the definition of "dilution" provided in s 2(1) TMA that the essence of dilution is the weakening of the mark's ability to identify goods. In *Trademark Infringement and Dilution are Different* (at 808 and 819), it is stated that dilution by blurring occurs when consumers no longer see the trade mark as indicating a distinctive source of a product, *i.e.*, when a mark is harmed by an association with different sources.

97 Advocate General Jacobs in *Adidas* described the essence of dilution in similar terms, stating as follows in his Opinion (at [AG 37]):

Schechter described the type of injury with which he was concerned as the 'gradual whittling away or dispersion of the identity and hold upon the public mind' of certain marks. The courts in the United States, where owners of certain marks have been protected against dilution for some time, have added richly to the lexicon of dilution, describing it in terms of lessening, watering down, debilitating, weakening, undermining, blurring, eroding and insidious gnawing away at a trade mark. The essence of dilution in this classic sense is that the blurring of the distinctiveness of the mark means that it is no longer capable of arousing immediate association with the goods for which it is registered and used. ...

[emphasis added]

Similarly, an equally useful summary of the essence of dilution has been set out in *Intel* by the European Court of Justice (at [29]) as follows:

... [S]uch detriment is caused when that mark's ability to identify the goods or services for which it is registered and used as coming from the proprietor of that mark is weakened, since use of the later mark leads to dispersion of the identity and hold upon the public mind of the earlier mark. That is notably the case when the earlier mark, which used to arouse immediate association with the goods and services for which it is registered, is no longer capable of doing so.

[emphasis added]

Both these extracts were cited by Registrar Pinkowski in *Citicorp* (at [35]).

98 Thus, what the dilution action protects is the well known trade mark's distinctiveness or uniqueness from being eroded, thereby protecting its "selling power and 'commercial magnetism'": *Bently & Sherman* at 885. This protection is reflective of the transition in the role of trade marks to that of "symbols" and "valuable assets in their own right" today; they are not just signals or indicators of a good's origin. The mark identifies the good or gives it an identity, and importantly, it in *itself* attracts custom due to its "advertising" quality or selling power: *Bently & Sherman* at 712.

99 It must be shown in a dilution by blurring claim that the relevant public makes a connection or establishes a link between the sign and the trademark. As explained in *Citicorp* (at [31]), a link implies that the consumer will "call to mind" the proprietor's well known mark after seeing the other party's sign used in relation to that party's goods. Whether a link is established and whether there is consequently a real and serious likelihood of damage to the distinctive character of the mark are questions to be resolved by considering all the circumstances of the case. Each case must be considered on its own facts. This so called "global" approach has been accepted in various EU decisions like that of *Adidas* (at [30]) and *Citicorp* (at [31]).

100 In the present case, we find that there is such a requisite link. Firstly, the "Nutella" mark can be said to be recognised by many in Singapore, including professionals and executives who are the Appellant's target customers. Secondly, it is important to recognise the distinctive quality of the "Nutella" mark given the invented nature of the word (see [36] above). In this regard, *Bently & Sherman* (at 883) has stated that "it is easier to establish a link where the earlier mark is unique or invented". Frank Schechter agreed with this in his article "The Rational Basis of Trademark Protection" (1927) 40 *Harvard Law Review* 813 (at 825). He explained there that the greater the distinctiveness or uniqueness of a mark, the deeper it impresses upon the public consciousness, and there is therefore a greater need to protect the mark against vitiation or dissociation from the product which it has been used in relation to. Thirdly, there is reproduction to a substantial extent of the word "Nutella" in the "Nutello" sign, and that it is the word that forms the distinctive part of the trademark. The close similarity between the distinctive "Nutella" mark and the "Nutello" sign due to the substantial reproduction of the former to form the latter (only the last letter is different as between them), increases the likelihood that the relevant public will make a mental connection between the mark and sign. Fourthly, it is significant to note that the Appellant's witness himself had admitted during cross examination at trial that the word "Nutello" had been *derived* from the respondent's "Nutella" mark, [\[note: 6\]](#) and that it was intended that the consumers be informed by the "Nutello" sign that the Appellant's product comprised a mixture of espresso and "Nutella" spread. [\[note: 7\]](#) Fifthly, as we have found the goods of the Appellant to be similar to the goods of the Respondent as set out in the specification of the trademark, it would be extremely likely for consumers to draw a mental link between the sign and the mark. As we have noted above at [14], whereas the similarity inquiry (as to marks) in an infringement action is mandatory and focuses on whether the similarity would lead to confusion, in a dilution claim, it is merely a factor to be considered – the focus is on whether the similarity causes consumers to form a mental association or link between the Respondent's mark and the Appellant's sign. [\[note: 8\]](#) One would be hard pressed to say that the relevant public will not call to mind the "Nutella" mark upon seeing the "Nutello" sign. We therefore think it highly likely that such link or association between the sign and the mark will be drawn by the relevant public. The survey results presented to court by both the Appellant and the Respondent evidence that as well.

101 It stands to reason that using the "Nutello" sign over an extended period of time on the Appellant's drink creates a real and serious likelihood that the distinctiveness of the respondent's "Nutella" trademarks may be weakened or lost in the medium to long term. There will be a diminished ability on the part of the "Nutella" trademarks to identify products for which they are registered and used and they may no longer have the capacity to conjure immediate association with the

Respondent's products. This is so because, as explained earlier, consumers will likely to readily draw a mental link or association between the sign and the mark (whether subconsciously or not) for the reasons given above (at [100]). In the result, we find that the dilution by blurring claim under s 55(3)(b)(i) is made out.

The Fifth Issue: Whether the damage element under the action for passing off is made out?

102 It is trite law that for the Respondent to succeed in an action for passing off, the "classical trinity" requirements of goodwill, misrepresentation and damage must be established: see *Amanresorts* at [37].

103 We can see no reason to disturb the findings of the Judge on the first two elements of goodwill and misrepresentation, especially since the Appellant has not appealed against these two findings. We turn now to address the Appellant's arguments on the element of damage.

104 Before the Judge, the Respondent had claimed three separate heads of damage, *viz*, restriction on the Respondent's expansion into the drinks business in Singapore, likelihood of damage should the Appellant's activities become reprehensible and the loss of licensing opportunity. The Judge only found that the first head of damage was made out. He reasoned that since the parties' fields of business are closely related and the Respondent had expanded its product line overseas to include a Nutella-based drink (*i.e.*, the "Nutella Milk Shake"), there was damage to the Respondent in the sense that what the Appellant did in fact restricted the Respondent's ability to expand into the drinks business in Singapore.

105 The Appellant makes two main arguments against this finding. It argues firstly that actual damage has to be shown, and secondly, that this finding is erroneous as both parties' fields of business are not closely related. The Appellant emphasises that the Respondent lacks a real intention to expand into such a business, and that the evidence submitted in support of the Respondent's expansion into the drinks business in France is questionable. In response, the Respondent disputes that proof of actual damage is required as the suit was instituted before the alleged passing off had terminated when the Appellant changed its menu in July 2010 and stopped serving the Nutello beverage in its cafes. It also argues that the Judge was correct to find that the first head of damage was made out as both parties' fields of businesses are closely related given that both parties sold products with a chocolate character, that the Respondent in fact had an intention to expand its business as evidenced by its expansion into a similar product line in France, and that the Appellant could have, but did not, challenge at trial the Respondent's evidence in support of this fact.

Whether actual damage needs to be proved?

106 Relying on *Asia Pacific Publishing Pte Ltd v Pioneers & Leaders (Publishers) Pte Ltd* [2011] SGCA 37 ("*Asia Pacific Publishing*") (at [139]), the Appellant argues that actual damage needs to be proved where the period of infringement had passed. First, we think that the case of *Asia Pacific Publishing* can and should be distinguished. There, the damage claimed was a net loss of profits, *viz* loss of *existing* profit when the appellant in that case misrepresented his horse-racing magazine *Racing Guide* as the respondent's magazine *Punters' Way* (see *Asia Pacific Publishing* at [133]). As explained in *Bently & Sherman* (at p 768), this head of damage involves misrepresentation which diverts profit away from the claimant (the respondent in *Asia Pacific Publishing*) to the defendant (the appellant in *Asia Pacific Publishing*). This is damage that has already occurred. In contrast, the unifying strand of the heads of damage which the Respondent in the present case has claimed in the court below (*viz*, a restriction on the appellant's expansion into the Singapore drinks industry, likelihood of damage should the appellant's activities become reprehensible and the loss of licensing opportunity), is that they

involve a loss of opportunity or a loss that has yet to manifest in practice. In particular, as regards the first head of damage found established (*i.e.*, restriction of the appellant's expansion into the Singapore drinks business), the learned authors in *Bently & Sherman* (at p 769) have described it as damage that arises through potential trade and profit being lost rather than a diversion of existing trade. The loss is that of *future* profit. Therefore, it does not seem logical to demand proof of actual damage before these heads of damage can be made out because actual observable damage or detriment itself is not the basis for those heads of damage. Instead, it is more appropriate to require that a real likelihood of damage be shown for these heads of damage. This is in line with the established position that either actual damage or a real likelihood of damage must be shown before the damage element of passing off can be made out: *Ng-Loy* at para 19.1.1; see also *Asia Pacific Publishing* itself at [136].

107 The Respondent also submits that *Asia Pacific Publishing* is distinguishable because legal proceedings there were only commenced on 12 November 2008, *after* the period of passing off (which occurred between 30 June 2007 to 5 June 2008) had ceased. Here, however, legal proceedings were commenced on 6 January 2010, *before* the period of passing off (which was suggested to have ended only on 18 July 2010) [\[note: 9\]](#) had ended. Therefore in the present case, only a real likelihood of damage needs to be shown – actual damage is not required. We find no reason to disagree with this analysis.

Whether finding that the Respondent's expansion into the Singapore drinks business would have been restricted is correct

108 The restriction of expansion into another field of commercial activity which naturally extends from the original activity has been recognised by this Court as a head of damage under passing off in *Amanresorts* (at [117]). It was emphasised in *Amanresorts* (at [118]) that there needs to be a close connection between the established activity and the extended activity (*i.e.*, commercial activity which is a natural expansion of the first activity in which the claimant already has established goodwill in). We agree with the Judge's finding that both parties' fields of business are closely connected. The Respondent's field of business in the present case is the sale of chocolate cream spread, while the Appellant's field of business is food and beverage retail. Both parties are thus engaged in the business of providing consumption foodstuff and that the respective products in question include significant chocolate content.

109 Following *Amanresorts* (at [121]), an expansion into the extended activity overseas can support the finding that the established and expanded activities are closely connected. In *Amanresorts*, this Court observed that the fact that the respondents there (which engaged in the high-end hotel and resort business) had already expanded into the residential accommodation business overseas buttressed the conclusion that both fields of activities were closely connected. The Respondent here has similarly expanded its product line to offer a Nutella Milk Shake product in France. Evidence in support of this include the Respondent's witness Mr Malatesta's evidence at trial, [\[note: 10\]](#) and, copies of Nutella Milk Shake advertisements and instructions to prepare the milk shake product exhibited by the Respondent. [\[note: 11\]](#) We therefore find no reason to disagree with the Judge that there is a close connection between the parties' respective fields of business. In this regard, we note the Appellant's argument that the long lag time of 30 years indicates a lack of intention on the Respondent's part to expand its business in the Singapore market to offer Nutella milk shakes. However, growing and developing a business undoubtedly takes time and business strategies such as the addition or extension of a product line do not spring to mind or get implemented overnight. At the end of the day, it is a commercial decision based on commercial considerations. However, the fact that the Respondent has gone into the drinks business in France a few years ago

demonstrates that it has taken real steps to expand its line of business. In view of this development, we find that this is not a case where the Respondent is only interested in ring fencing a new market as a possible preserve for future exploitation. The position may be different if the Respondent had in fact not started or had permanently ceased any Nutella Milk Shake business in France.

110 While it would have been better if the Respondent had produced samples of the Nutella Milk Shake or adduced evidence on the distribution of its Nutella Milk Shake advertisement, we do not think this should seriously undermine the Respondent's case. This is due in no small part to the fact that the Appellant did not challenge the Respondent's evidence as adduced at the trial itself when the relevant witness for the Appellant was testifying. To challenge the authenticity of the advertisements and its contents at the final submission stage was clearly too late and it prejudiced the Respondent. [\[note: 12\]](#) We note also that the documents submitted by the Respondent in support of its position were not just one advertisement but in fact three different copies of the Nutella Milk Shake advertisements together with a copy of instructions to prepare the Nutella Milk Shake.

111 We therefore agree with the Judge's finding that, in view of the Appellant's use of the "Nutello" sign, there would be a likelihood of restriction on the Respondent's expansion of its product line into the Singapore beverage business. Accordingly, the claim in passing off is made out.

Conclusion

112 To summarise, we have found as follows:

- (a) the s 27(2)(b) TMA infringement succeeds;
- (b) the s 55(2) TMA infringement succeeds;
- (c) the s 55(3)(a) TMA claim succeeds;
- (d) the s 55(3)(b)(i) TMA claim succeeds; and
- (e) the passing off claim succeeds.

In other words, the Appellant has failed in all its points of contention.

113 Therefore, the appeal is dismissed. Ordinarily, an injunction ought to follow given that the Respondent is successful on its s 27(2)(b), 55(2), 55(3)(a), s 55(3)(b)(i) TMA and passing off claims. However, since the Appellant had, after July 2010, ceased using the "Nutello" sign and selling the Nutello beverage, there is no practical need now for the grant of an injunction and we decline to order so. Costs should follow the event. There is just one final observation we would make. The Judge had ordered that damages be assessed. Since the infringement and/or breach on the part of the Appellant had ceased for more than two years, and unless there is real evidence as to loss suffered by the Respondent during the period, the latter might well deem it expedient to just move on instead of incurring more costs in pursuing an assessment which is less than certain.

[\[note: 1\]](#) A "sign" is defined in s 2(1) TMA as: any letter, word, name, signature, numeral, device, brand, heading, label, ticket, shape, colour, aspect of packaging or any combination thereof.

[\[note: 2\]](#) A "trade mark" is defined in s 2(1) TMA as: [a]ny sign capable of being represented graphically and which is capable of distinguishing goods or services dealt with or provided in the

course of trade by a person from goods or services so dealt with or provided by any other person.

[\[note: 3\]](#) See Appellant's case at [35].

[\[note: 4\]](#) Respondent's case p 193-194

[\[note: 5\]](#) *Adidas* at p 412

[\[note: 6\]](#) Supplementary core bundle p 105

[\[note: 7\]](#) Supplementary core bundle p 109

[\[note: 8\]](#) A parallel is drawn with the reasoning in *Bently* at 880 on an assessment of similarity of marks in a dilution claim

[\[note: 9\]](#) Respondent's Supplementary Core Bundle at p 124 – Mr Tan Teck Chye Christopher's AEIC

[\[note: 10\]](#) Respondent's Supplemental Core Bundle at p 64 – Notes of Evidence – Mr Malatesta's evidence: "It's a [Nutella Ferrero] milkshake, yes. And this is in France [at] this moment."

[\[note: 11\]](#) Respondent's Supplemental Core Bundle at p 120-123

[\[note: 12\]](#) It was raised by the appellant in its Reply submissions at trial: ROA Vol IV Part B at p 253-254

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